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BCCI and the CIA Memo

AT BEST, the BCCI case is a classic example of ineptitude on the part of several federal departments and agencies. Whether it is worse than that is now the chief business before three congressional investigations. The Bank of Credit and Commerce International is accused of a catalogue of crimes that are astonishing in their variety and gravity. But there's a far more disquieting issue facing the investigators: whether BCCI was being actively shielded and helped from within the government itself.

The CIA memo is the latest piece of troubling evidence to float into sight. In 1988 the Customs Service, pursuing drug smugglers, was getting interested in BCCI. The then commissioner of Customs, William von Raab, called Robert Gates of the CIA to ask what he knew about it. Mr. Gates replied by sending over a CIA memo on the bank. Shortly after, the Treasury told Mr. von Raab to stay out of the case and leave it to others. It is true that Mr. von Raab is a zealous and vociferous conservative who was a thorn in Treasury's side. But, since nothing much happened thereafter, the story leaves a question hanging in the air.

The CIA allowed Sen. John Kerry (D-Mass.) to read the memo, and declassified enough of it to allow him to characterize it in an open hearing. The memo, according to Sen. Kerry, was written in 1986 and makes it clear that the agency was then well aware of the bank's involvement in criminal activities. The memo also said that the CIA had known since 1982—that is, from the beginning—that BCCI had illegally and secretly bought control of First American Bankshares.

The memo had been disseminated to other federal agencies including, it seems, the Treasury. But it never got to the Federal Reserve Board, which regulates banks and had allowed a group of Arab investors to buy First American only after the most explicit assurances that BCCI would have nothing whatever to do with it. Those assurances were provided by the investors' lawyer, Clark Clifford, now chairman of First American. So far there is no explanation of this failure of one part of the government to tell another that a solemn pledge had been broken almost as soon as it was made.

Sen. Kerry's hearing was generally devoted to the warnings about BCCI that began to emerge in the late 1980s. Justice vehemently defends itself against charges of excessive delay, asserting that it is hard at work on a series of criminal investigations of BCCI but that, in a case of great complexity, it is unreasonable to expect rapid results. Fair enough—but if the CIA was circulating a memo five years ago on BCCI's illegal activities, why was there so little response at that time among the officials who received it? Or weren't they reading their mail?

The focus of the investigations is no longer the renegade bank. The focus is, unfortunately, the integrity of the United States government.